

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE

IN RE:)
)
DANNY LANE KEYS) BK. NO. 12-07578-RM2-13
JANICE D. KEYS) JUDGE MASHBURN
80 Timberline Road)
Crossville, TN 38571)
SSN: XXX-XX-8108, XXX-XX-0264)
)
DEBTOR)

TRUSTEE'S STATEMENT PURSUANT TO 11 U.S.C. §1302(c)

Henry E. Hildebrand, III, Standing Trustee for Chapter 13 matters pending in the Middle District of Tennessee, by and through his counsel, hereby submits this statement of investigation of the financial affairs of the debtors pursuant to 11 U.S.C. § 1302(c).

The debtors are self employed as sole proprietors of a resort known as Timberline Lodge & Resort, which is a resort for adults over the age of 21 offering lodging, camping, restaurant, bar, nightclub and pool for relaxation and enjoyment. The business has been operating since May 30, 2009 and is a sole proprietorship owned and operated by Danny and Janice Keys. The assets include a dance hall, bar, hot tub, pool equipment, with a value of approximately \$250,000, for which the debtors paid approximately \$100,000. In addition, the debtors have equipment such as small tools, lawnmower, DJ equipment, bedding, TVs, and office equipment, with a value of approximately \$50,000, which cost approximately \$50,000. If the debtors were to purchase the business today, they would pay approximately between \$1.1 and \$1.8 million.

The debtors experienced financial difficulty following the purchase of the resort, which had been closed and not operating prior to the debtors' purchase. The debtors were forced to pay significantly more to renovate the sewer, water lines, and electrical condition of the buildings, all of which were underground or hidden behind walls and unable to be detected by the debtors prior to the purchase of the property. In addition, the costs of the repairs which the debtors knew would be required in order for the resort to be operational were significantly higher than what the debtors had anticipated. This is the second Chapter 13 case filed by the debtors. They filed a motion to voluntarily dismiss the first Chapter 13 case upon the advice of counsel following a lawsuit filed by the debtors against their mortgage lender.

The debtors' business is seasonal, with the busy time during the summer between May through Labor Day. The months of September, October, January, February, March and April are significantly less busy; however, the income is sufficient for the debtors to be able to operate and pay bills. The business is extremely slow in November and December. The debtors hire three employees during the summer months to assist with the operation of the resort.

The Trustee has requested the debtors provide the Trustee with monthly Profit & Loss statements, monthly bank statements, and evidence of monthly payments to the Tenn. Dept. of Revenue for sales tax no later than the 20th day of each month for the preceding month. The Trustee also requests copies of annual tax returns and any quarterly tax returns filed by the debtors within 20 days of the debtors' filing such tax returns with the Internal Revenue Service during the Chapter 13 case. The debtors do not incur trade credit, and they purchase any supplies and equipment on a cash on delivery basis.

The Trustee has conducted and completed an investigation into the acts, conduct, assets/liabilities, financial condition of the debtors and the operation of the debtors' business. The Trustee does have some concern regarding the feasibility of the debtors' Chapter 13 plan and whether or not the debtors will be able to meet their plan payment obligations during the winter months. However, the Trustee does believe at this time that continuation of the debtors' business is in the best interest of the debtors and the debtors' estate.

Respectfully submitted,

/s/ Tracy L. Schweitzer

Tracy L. Schweitzer
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CERTIFICATE OF SERVICE

I hereby certify that a true and exact copy of the foregoing has been placed in the United States mail, postage prepaid, or otherwise dependably delivered including electronic case noticing, to Danny & Janice Keys, 80 Timberline Rd., Crossville, TN 38571; Steven L. Lefkowitz, 618 Church St., Ste. 410, Nashville, TN 37219; and Beth R. Derrick, Asst. U.S. Trustee, 701 Broadway, 318 Customs House, Nashville, TN 37203 on this 19th day of December, 2012.

/s/ Tracy L. Schweitzer
Tracy L. Schweitzer
Counsel to Chapter 13 Trustee